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SUBJECT Automobile Factories in Zwickau

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14. The Horch factory in Zwickau employs some 2,000 workers. It has been producing heavy trucks for the Soviet army. Reserve stocks of Maybach motors amounting to about 1,250 at the end of the war have been exhausted in this program. At present motors are being built out of spare parts, but this supply will also soon be used up. The Russians have ordered the factory to produce new motors, and plans are completed for one gasoline motor and one Diesel motor; actual production before 1949 is extremely unlikely. Efforts are being made to obtain motors from the Soviet army in order to continue truck production through the second half of 1948.

2. Horch is also engaged in higher echelon repair of trucks and personnel carriers for the Soviet army and SMA. The vehicles brought in for repair come not only from the Russian zone but also are brought by rail from east of the Oder. Repair and complete overhauling of all makes, particularly the large Mercedes, Maybach, and Horch, must be done at a flat rate of 3,000 RM or 4,000 RM per vehicle regardless of its condition. Since most of the vehicles require complete overhauling of motor and chassis, the factory is sustaining a loss in almost every case. Over half of the new and repaired vehicles are shipped by rail to the USSR.

The German director at Horch, Bimeck (SED), has fallen from favor for failure to meet the quota. It is reported that a new director is to be installed, a former official of Auto-Union, who has been working in the Administration for Vehicle Construction in Chemnitz. The responsible Russian officer at the plant, a major, was arrested in June after surprise inspections of his office uncovered various irregularities. He has not yet been replaced.

4. The Audi factory in Zwickau has 600 employees. Audi is scheduled to produce the new DKW three-cylinder passenger car exhibited at the Leipzig Fair. Reports that production is already under way are false. [REDACTED] all effort is now devoted to obtaining new machine tools and repairing old machinery.

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